Sept. 29, 1969 T

Main

FOREIGN AGRICULTURE

September 29, 1969

OCT 8 - 1969

MIAMI UNIVERSITY LIBRARY

U.S. Foods at Trade Fairs: Brussels, Dublin, Manchester

Foreign Agricultural Service
U.S. DEPARTMENT OF AGRICULTURE

FOREIGN AGRICULTURE

VOL. VII • No. 39 • September 29, 1969

In this issue:

2 American Foods at Trade Fairs:
Selling Convenience to the Food Service Trade

3 Brussels

4 Dublin

5 Manchester

6 French Post-Devaluation Grain Trade Price Adjustments

7 The Current EC Grain-Market Situation
By Donald J. Novotny

9 U.S. Cottonseed Benefits From Winter Trip to Mexico By William L. Rodman

10 Crops and Markets Shorts

This week's cover:

Irish lad hears all about bread baked with California raisins. Three trade fairs kicked off the fall season; see pages 2-5.

Clifford M. Hardin, Secretary of Agriculture
Clarence D. Palmby, Assistant Secretary for International Affairs and Commodity Programs
Raymond A. Ioanes, Administrator, Foreign Agricultural Service

Editorial Staff:

Editor: Alice Fray Nelson; Associate Editors: Janet F. Beal and Elma E. Van Horn; Assistant Editors: Faith N. Payne, Mary A. Rudbeck, Marcia Sutherland, Ann L. Barr, Margaret A. Weekes.

Advisory Board:

W. A. Minor, Chairman; Horace J. Davis, Anthony R. DeFelice, James A. Hutchins, Jr., Kenneth K. Krogh, Robert O. Link, Kenneth W. Olson, Donald M. Rubel, Dorothy R. Rush, Raymond E. Vickery, Quentin M. West.

Use of funds for printing *Foreign Agriculture* has been approved by the Director of the Bureau of the Budget (May 1, 1969). Yearly subscription rate, $10.00 domestic, $13.00 foreign; single copies 20 cents. Order from Superintendent of Documents, Government Printing Office, Washington, D.C. 20402.

Contents of this magazine may be reprinted freely. Use of commercial and trade names does not imply approval or constitute endorsement by USDA or Foreign Agricultural Service.

American Foods at Tra

Selling convenience to the food service trade

Foreign demand for American food has shaped U.S. trade fair promotion just as surely as the trade fairs have shaped demand. An example of how this works is the fresh emphasis U.S. trade fair promotion is placing on the food service trade in Western Europe, the Middle East, and Asia.

Hotels, restaurants, private clubs, caterers, passenger ships, and airlines are fast becoming the new big users of convenience foods, and U.S. companies are now a major source. Establishments faced with demanding clientele and high labor costs in their kitchens have found that one way to keep menu prices down is to use partially prepared, portion-controlled foods. The American food industry is responding to this need by offering boil-in-the-bag vegetables, frozen bread, turkey rolls, dehydrated and air-fresh produce, and a host of other items.

These products in institutional packs are being shown at various shows, some strictly for the trade (see Brussels on opposite page and Manchester on page 5) and some open to the public (ANUGA in Cologne, October 4-10). But an important new innovation is the food service show, which will bring the U.S. industry in direct contact with buyers and chefs from the top eating places and catering houses in Europe, Asia, and the Middle East.

A trial run of three food service shows in 1968 in the Caribbean proved so successful that a larger series is being launched this fall. Target cities include Kyoto, Tokyo, Hong Kong, Singapore, Bangkok, Tel Aviv, Basel, Mainz, and Salzburg. The spring 1970 schedule includes cities in the United Kingdom, the Netherlands, Kuwait, Saudi Arabia, and Italy. Most of these will be solo presentations sponsored by Grocery Manufacturers of America and the Foreign Agricultural Service.

Distinguishing features of the food service shows are their modest size and close scheduling, which will allow each U.S. food representative to show his products in a maximum number of markets with a minimum expense of time and money. Some of the shows are scheduled for cities where interested buyers never before have had an opportunity to see an array of U.S. convenience foods and to talk directly to suppliers. U.S. firms will use this opportunity to seek out local agents to represent them.

t Trade Fairs:

Brussels

Left, tasting salad prepared from U.S. fresh vegetables at reception hosted by Ambassador Eisenhower at U.S. Food Exhibit. Above, Belgian buyer (right) gets explanation of Chinese cabbage and a sales talk by two agents for U.S. vegetables.

Above, sugarless candy with sorbital, a natural sweetener, creates interest.

The final story on the impact of the U.S. Food Exhibit at Brussels, part of a trade-only food show held September 3-8, will not be available for some time. But, judging from attendance by Belgian volume food buyers, by known orders placed during the show, and by the number of new agents (10) appointed to handle U.S. food imports, American participation was a definite success. Exhibitors estimated sales during the next 12 months generated by the U.S. Food Exhibit at around $3 million.

Three factors contributed to this encouraging situation: prefair contacts by a local trade relations expert (hired by the Foreign Agricultural Service) with important Belgian food buyers; exhibitor tactics that encouraged prospective buyers to see, taste, feel, and generally test for themselves any product that aroused interest; and selection by U.S. exhibitors of goods interesting to Europeans—especially convenience foods and foods suitable for use by hotels, restaurants, and food processors.

Fresh fruits and vegetables were the stars of the U.S. Food Exhibit. Displayers estimated that postfair sales in Belgium will be up 3 to 4 tons per week. Sales efforts stressed steady availability by airfreight of U.S. produce during the winter when fresh fruits and vegetables are scarce in Europe.

Convenience turkey products were also a hit. Buyers for chainstores and supermarkets liked boned turkey roasts; hotel buyers and caterers were enthusiastic about precooked turkey rolls because they are ready to eat and have no waste.

Right, demonstrating preparation of instant potato chips. Below, buyers taste manufactured California almonds from institutional packs for bakers and caterers.

Dublin

In Dublin's fair city people tasted, talked about, and purchased more than 100 new and familiar U.S. foods at the 2nd Irish International Food and Drink Fair held August 30 to September 8.

The American exhibit—largest of the 10 national pavilions at the Fair—was sponsored by the Foreign Agricultural Service and Grocery Manufacturers of America. Twenty-six American food companies and Irish importers had U.S. products on display. Leading competing exhibitors were Australia, France, the Netherlands, the United Kingdom, and Ireland.

Prominently featured were sample packets of space foods similar to those put aboard Apollo 11 for the moon-bound U.S. astronauts. Visitors asked questions about the space foods but saved their sampling for the rice, raisins, fresh fruits and vegetables, baked goods, canned and convenience foods being shown. Specialty items received much attention, and the eager sampling the first 2 days depleted the entire 600-can demonstration supply of Mexican-type foods from Texas.

U.S. Rice Council's Ann Smith, on hand preparing rice dishes and serving samples, reported that a large Dublin dairy firm and an international grocery company are exploring possibilities of canning and distributing puddings made from U.S. rice.

Bits of toasted raisin bread were a favorite hand-out at the fair, according to the California Raisin Bureau representative. Thompson's Bakery of Cork—one of Ireland's best known and oldest bakeries—is about to begin baking and distributing American-style raisin bread made from California raisins.

Many grocery importers were introduced to the year-round availability of fresh fruits and vegetables from the United States. Seaboard World Airlines, which regularly exports perishables to Europe, filled counters at the Dublin exhibit with corn on the cob, celery, lettuce, and other fresh items flown in especially for the show.

Right, scooping up samples; below, Irish Dairy Queen Ann Minogue helped distribute balloons around Dublin. Each had a free entry ticket to show.

Left, U.S. Ambassador to Ireland John D. Moore examines a Virginia eel; above right, young Dubliner gets a closer look at seedless grapes; below, sample of the crowds that came to see new and familiar American food products on display.

Manchester

American cuisine scored a hit in Manchester, England, at the annual Food, Cookery, and Catering Exhibition September 9-20. British housewives, grocers, importers, and restaurant buyers came by the thousands to sample and buy a large array of U.S. foods. Snack items, raisin bread, spices, poultry, and convenient foods were the most popular.

British import houses representing more than 50 firms in the United States participated, along with U.S. trade cooperators for poultry, rice, and California raisins.

The U.S. stand—largest at the Exhibition—was surrounded by colorful, attractive exhibits of competitors France, Italy, New Zealand, Poland, Yugoslavia, and others.

Britain is showing big potential as a market for international foods. Its industrial economy and limited agriculture have long made it dependent on imports for most of its food. But housewives and food service people alike are showing new enthusiasm for novelty foods, international dishes, and quick ways of preparing old favorites.

The manager of one American stand said "During the last 3 years the British people seem to have become keenly interested in snacks. It's because they're entertaining more."

Foods that were particularly entertaining for U.S. Exhibit visitors were the packets of space food similar to those aboard Apollo 11's historic moon flight. A more down-to-earth favorite was bread baked with California raisins. As many as 1,000 loaves were sold some days. Cooking spices, seasoning salts, dried orange peel, and other delicacies were "selling like mad," according to one of the demonstrators.

Consumers satisfied with the items they tasted at the Exhibition hall found many of them at their corner grocery stores that week. The Foreign Agricultural Service and participating private companies concurrently ran promotions at 117 food retail outlets—including two of the largest, Lewis's and Poulder's. Point-of-purchase promotion is expected to make a favorable impact for U.S. foods in the Manchester area, which includes some 5 million consumers.

Manchester boys look over the Apollo exhibit and packets of space foods like those used by the American astronauts. Below, demonstrator at spice counter shows seasonings. Many of the U.S. food items were featured in local markets.

Left, a corridor of U.S. food booths. Below, Miss Great Britain, Wendy George, ready to try a canned peach from California.

French Post-Devaluation Grain Trade Price Adjustments

Following the decision by the European Community (EC) August 11, 1969, to temporarily insulate the French agricultural market (see Foreign Agriculture, *Sept. 8, 1969), the EC Commission issued a series of implementing regulations adjusting French agricultural prices, which, as a result of devaluation of the franc, became 11.11 percent lower than EC prices.*

To prevent a distortion of trade within the common agricultural market, import subsidies and export compensations were determined for most primary and processed agricultural products subject to EC marketing regulations.

These regulations, effective August 25 but retroactive to August 11, are applicable to trade with member and nonmember countries alike. They cover grains and rice, fats and oils, poultry and eggs, fresh fruits and vegetables, living plants and flowers, pigmeat, beef, sugar, milk and dairy products, canned fruits and vegetables, and processed products based on fruits and vegetables, grains, rice, milk, cream, butter, sugar, and molasses.

Below is the first in a series of reports of these regulations. Reporter is John F. Hudson, *on the scene in Brussels, Belgium, where he is Assistant Agricultural Attaché with the U.S. Mission to the European Communities.*

The EC Council permitted France to decide what adjustment if any is to be made in French intervention (support) prices for grain and rice in francs as a result of devaluation. Since France elected to keep intervention prices in francs unchanged, this means a price reduction of 11.11 percent in terms of the unit of account—the arbitrary denomination now worth one U.S. dollar, to which most CAP farm prices are pegged.

In terms of foreign currencies, the decision to hold French support prices unchanged makes possible proportionately lower export prices and the establishment of a comparable margin of protection against imports. To prevent lower export prices from undermining the support system in other Member States and to offset the protection against imports, France is required to impose compensatory export taxes and import subsidies.

In the case of trade with third countries, these charges are administered as deductions from the export subsidy and variable import levy, respectively.

The export tax and import subsidy are taken to be equal. However, this concept is rather imprecise, since the variable levy system operates to keep import prices above those of domestic products and hence the effects of devaluation are not the same for both.

Tax-subsidy based on intervention price

The tax-subsidy is supposed to equal the amount in francs by which France would have to raise the intervention price in order to aline it with the CAP unit of account. There is, however, a considerable range of intervention prices to choose from for the major products—wheat and barley—and no intervention price for others, including oats and sorghum.

Therefore, for ordinary wheat, durum, barley, and rye, intervention prices were selected from about the middle of the range available and for intervention centers considered reasonably representative of areas from which these grains might be exported. The tax-subsidy is then approximately 11.11 percent of the intervention price for the following points, calculated at the new franc par (Ff 5.554=$1.00):

Grain and intervention center	Intervention price	Tax or subsidy
	Dollars per ton	*French francs per ton*
Ordinary wheat at Corbeil	94.75	58.49
Durum at Bazieges	112.11	69.21
Rye at Le Puy	79.99	49.38
Barley at Corbeil	84.46	52.10
Corn at Mont-de-Marsan [1]	79.31	48.93
Sorghum	—	50.27
Paddy rice at Vercelli	125.00	77.15

[1] Corn price same for all intervention centers.

The tax-subsidy for denatured wheat is equal to that for barley. For sorghum and oats the tax-subsidy is derived from that for barley according to the price ratios used in setting threshold prices; this procedure applies also to milled products. Trading may, of course, take place at prices above the intervention price. To the extent that this happens, the tax-subsidy does not fully offset the export or import price change in francs effected by devaluation.

For example, if the French domestic price of wheat for export was 494 francs per ton equal to $100 before devaluation, it would be 494 francs per ton equal to $89 after devaluation. Therefore a tax of 61 francs per ton (or $11) would be required to offset the full effect of devaluation on world market prices. Actually the tax decided on is only 58 francs (or about $10.44). The Commission hopes that in practice there will be a difference of only a few francs per ton and that this amount will not cause a diversion of trade.

Effect on third-country imports

In the case of imports from third countries, the threshold price provides a ceiling to the domestic market. For example, the wheat threshold price per ton was $104 that equaled 515 francs before devaluation and $104 that was equal to 580 francs after devaluation—an increase of 65 francs, now equal to almost $12. After deducting the import subsidy of 58 francs, there remains a net increase of 7 francs, or between $1 and $2 per ton, in the price of cheapest third-country wheat. Thus, the domestic market price can rise to 522 francs before encountering price competition from imports from third countries.

Other French domestic support prices and payments are linked to the intervention price level; hence, these also remain unchanged in francs. These include subsidies for brewing and starch manufacture (including the minimum price for potatoes) and the durum deficiency payment, as well as adjustments and correctives for the intervention prices, minimum prices at which intervention agencies can dispose of stocks domestically, and sureties on various transactions. Although these remain the same in francs, they are reduced 11.11 percent in units of account.

With the beginning of the 1969-70 rice marketing year in September, the paddy rice intervention price, which was raised monthly during 1968-69 to compensate for storage costs, will be reduced to its beginning level, and those who hold stocks of 1968-69 rice will be entitled to an indemnity for the price cut.

The Current EC Grain-Market Situation

By DONALD J. NOVOTNY
Grain and Feed Division, FAS

Just before the 1969 harvest, total grain stocks in the European Community reached a record level, estimated at about 14.4 million tons. Presently, however, there is a fair chance that stock levels will be reduced somewhat in 1969-70, even though another very large grain crop is being harvested. This prospect is not a result of extra growth in demand or overall grain utilization but rather of a series of other important changes growing out of the EC's common grain policy.

The principal developments that are helping to balance supply and utilization in the face of sharp increases in domestic production are: (1) Steady expansion of export markets to draw off as much as possible of those grains that do not have a ready market in the immediate area of the EC where they are produced; (2) sharp increases in intra-EC grain movements, especially of those from surplus areas of France to West Germany, Belgium, and the Netherlands, thus allowing a reduction of the latter countries' imports from outside sources; and (3) increased use of wheat for feed, thus displacing corn and other grains, and, in turn, reducing the imports of such grains.

Since the 1967 unification of EC grain prices, intra-EC trade has more than doubled, and wheat feeding has risen by over 50 percent. The expansion of exports has been less dramatic in terms of proportion, but still represents a major effort in the light of the fact that the overall volume of world trade has been declining rather sharply—especially the wheat trade—throughout the period.

Reorientation of grain system

It is significant that the developments mentioned above—increased exports, larger intra-EC trade, and more feed use of wheat—seem largely to be the direct result of modifications of the original design of the common grain market. Within the European Community, it is generally argued that these developments are simply an unavoidable consequence of a sudden but unintended and uninvited rise in EC grain output in recent years. For many observers overseas, the newest EC grain developments are only a confirmation of their expectations and their claims of trade interference. In either case, it is clear that current developments are having a great effect on both the pattern and volume of world grain trade.

Initially, transportation costs were to provide the basic guide for relating regional price-support levels. But there has since appeared to be a tendency to establish differentials favoring expanded intra-EC trade, thus reducing dependence on U.S. and other third-country grains in Germany, Belgium, Netherlands, and even Italy and encouraging greater purchases of French grain.

Another illustration of the critical reorientation of the EC grain system has been the export subsidy, or "restitution." The current subsidy system is probably much more complex and used more aggressively in the search for third-country markets than could have been expected when the common grain policy was formed. Comparison of the range of subsidy rates for wheat over the past 3 years shows, for example, how they have increased:

Date	Actual subsidy [1]	World price [2]	EC subsidy adjusted constant world price
	Dollars per bushel	*Dollars per bushel*	*Dollars per bushel*
August 1967	1.22-1.33	1.63	1.22-1.33
August 1968	1.22-1.40	1.55	1.30-1.48
August 1969	1.07-1.46	1.41	1.29-1.68

[1] Subsidy rates vary according to destination; the ranges shown exclude the rates on sales to the United Kingdom, where minimum import prices become an overriding factor, and to adjoining countries in Europe. [2] As determined in daily EC computation of the "adjusted c.i.f. price."

By its lowering of wheat export prices the EC has not only improved its competitive position in some of the traditional nearby markets for French wheat, but it has also for the first time reached into more distant markets, such as Taiwan and Japan. Barley exports have also been promoted in this manner. In the past year, over 40,000 tons of French wheat and 468,000 tons of French barley were sold to Japan.

As for feed use of wheat, it seems that policy has again shifted to a point where it departs considerably from early EC descriptions of the EC grain market system. Originally it was recognized that feed use of wheat might be enlarged as a matter of convenience in certain localities, but that livestock feeders' preferences or custom in using other grain—such as imported corn—would not need to be altered. But following the huge EC grain crop of 1969, the heavy stocks situation of the past year, and the growing difficulty of opening new overseas markets in recent months, EC policymakers faced a choice: either there must be a sharp increase in home use of wheat, or some form of production control might be needed. The upshot is that there now is major emphasis on forcing maximum use of wheat for feed throughout the EC. In effect, the normal development of EC corn and sorghum imports from third countries—which had been growing almost uninterruptedly—was abruptly swept aside.

Recent increases in the feed-use subsidies offered by the EC Commission clearly reflect the new policy. In August 1967, at the beginning of the common price system, a feeder planning to use standard-quality wheat for feed could obtain a subsidy of $12.65 to $13.55 per metric ton, the amount depending on the type of process used to render the wheat unfit for human consumption and therefore eligible for the subsidy. At that time, the basic threshold price for wheat was $16 per ton above that for corn. By contrast, in August of 1969, when the threshold prices had already been adjusted so that for wheat was only $10.31 above that for corn, the feed-use subsidy range had nevertheless increased to $17.52-$18.52.

The effect of the feed-use subsidy on wheat usage, and the extent to which imports of other grains have been displaced, cannot yet be measured, since most subsidy increases have just occurred during 1969. It is estimated that total EC feed usage of wheat in 1968-69 was about 7.4 million tons as compared with an average of 5.4 million tons during the 3 years prior to the price unification. Imports of coarse grains, on the other hand, were approximately 11.9 million tons in 1968-69 as against a 1964-65 to 1966-67 average of

15.0 million tons. In 1969-70, the impact may be equally dramatic; some large EC feed compounders are reportedly now using 50 percent less imported feedgrain in their feed mixtures than they were 6 months ago because of the increased attractiveness of wheat prices.

General supply-demand situation

Preliminary data on the 1968-69 crop year and prospects for 1969-70 (see table directly below) appear to indicate that: (1) the upward trend in total grain usage in the EC has

(Continued on page 12)

EC GRAIN SUPPLY-DISPOSITION
[Millions of metric tons]

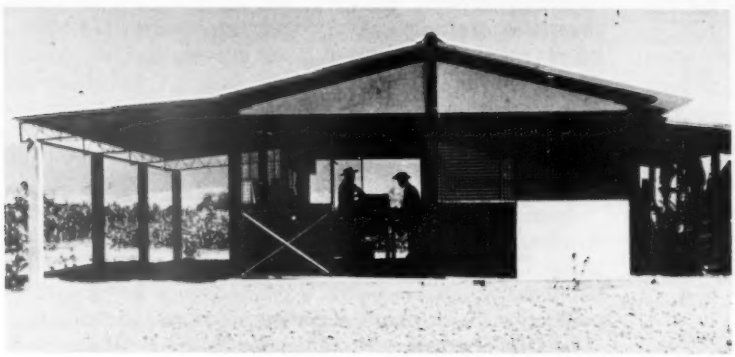
Grain and year	Production	Third-country trade		Intra-EC trade	Domestic use		Change in carry-out stocks
		Imports	Exports		For feed	Total	
All grains:							
1963-64	56.7	16.4	7.0	2.4	38.2	67.6	−1.5
1964-65	59.4	16.6	9.2	3.0	38.6	68.2	−1.4
1965-66	60.2	20.4	9.5	3.7	39.4	69.7	+1.4
1966-67	58.0	20.0	8.1	3.3	41.4	71.3	−1.4
1967-68 (prelim.)	67.5	19.4	9.3	3.8	44.0	74.0	+3.6
1968-69 (prelim.)	69.2	16.2	9.7	7.2	43.4	75.0	+0.7
1969-70 (forecast)	68.0	15.1	9.2	6.6	44.6	76.0	−2.1
Wheat:							
1963-64	24.4	4.1	3.8	0.7	4.7	26.8	−2.1
1964-65	29.1	3.6	5.6	0.7	5.5	27.6	−0.5
1965-66	30.4	4.2	5.8	0.9	5.3	27.6	+1.2
1966-67	26.3	4.3	4.5	0.7	5.5	27.4	−1.2
1967-68 (prelim.)	31.0	4.0	5.3	1.2	5.9	27.2	+2.5
1968-69 (prelim.)	32.3	4.3	5.6	2.8	7.4	30.0	+1.0
1969-70 (forecast)	31.2	4.0	6.0	2.8	8.1	30.7	−1.6
Other grains:							
1963-64	32.3	12.3	3.2	1.7	33.5	40.8	+0.6
1964-65	30.3	13.0	3.6	2.3	33.1	40.6	−0.9
1965-66	29.8	16.2	3.7	2.8	34.1	42.1	+0.2
1966-67	31.7	15.7	3.6	2.6	35.9	43.9	−0.2
1967-68 (prelim.)	36.5	15.4	4.0	2.6	38.1	46.8	+1.1
1968-69 (prelim.)	36.9	11.9	4.1	4.4	36.0	45.0	−0.3
1969-70 (forecast)	36.8	11.1	3.2	3.8	36.5	45.3	−0.5

Note: Data through 1966-67 are official and final as published by the EC Commission; data for 1967-68 and 1968-69 represent aggregates of data reported for the individual member countries, adjusted to conform to the official EC historical series; data for 1969-70 reflect Agricultural Attaché forecasts of production and consumption made as of August 15, 1969, and FAS Grain Division estimates of trade.

BASIC EC[1] GRAIN PRICES FOR PAST THREE MARKETING YEARS
[Dollars per metric ton; dollars per bushel in parentheses]

Kind of price and grain	Marketing year		
	1967-68	1968-69	1969-70
Intervention (support):[2]			
Wheat, except durum	91.86-98.75 (2.50-2.69)	91.86-98.75 (2.50-2.69)	91.41-98.75 (2.49-2.69)
Barley	76.85-85.00 (1.67-1.85)	79.26-87.98 (1.73-1.92)	79.26-88.48 (1.73-1.93)
Corn	77.00 (1.96)	79.31 (2.01)	79.31 (2.01)
Threshold prices (at Rotterdam):			
Corn	88.38 (2.24)	92.69 (2.35)	93.69 (2.38)
Barley	89.00 (1.94)	92.19 (2.01)	93.19 (2.03)
Wheat, except durum	104.38 (2.84)	104.38 (2.84)	104.38 (2.84)
Grain sorghum	85.44 (2.17)	89.00 (2.26)	89.93 (2.28)
Durum	123.13 (3.35)	123.13 (3.35)	123.13 (3.35)
Import levies:[3]			
Corn	34.05 (.86)	45.15 (1.15)	45.24 (1.15)
Barley	31.68 (.69)	46.36 (1.01)	48.79 (1.06)
Wheat, except durum	46.10 (1.25)	49.08 (1.34)	56.93 (1.55)
Grain sorghum	30.08 (.76)	39.88 (1.01)	33.98 (.86)
Durum	39.68 (1.08)	48.73 (1.33)	57.33 (1.56)
Adjusted import levies:[4]			
Corn	40.84 (1.04)	45.15 (1.15)	46.15 (1.17)
Barley	43.17 (.94)	46.36 (1.01)	47.61 (1.04)
Wheat, except durum	49.08 (1.34)	49.08 (1.34)	49.08 (1.34)
Grain sorghum	36.32 (.99)	39.88 (1.01)	40.81 (1.04)
Durum	48.73 (1.33)	48.73 (1.33)	48.73 (1.33)

[1] As of July 1 for 1967-68 and August 1 for 1968-69 and 1969-70. EC threshold prices rise during each year by monthly storage and credit increments as follows: Corn, barley, and sorghum by $0.75 monthly beginning October, and rye, durum and other wheat by $0.85, $1.05, and $0.95, respectively, beginning September; all intervention prices rise by the same amounts except corn, which rises by $0.93 in November, and again in each month from January thru May. [2] Lowest and highest among all authorized intervention points including both terminal and local markets; in the case of durum, however, there is an EC-wide guaranteed minimum price to the producer of $145 per metric ton. [3] Based on actual c.i.f. prices for October of each year. [4] Based on October 1968 c.i.f. prices.



Clockwise from top left: Plots of cotton at various stages of maturity; each breeder's cotton in individual bags awaits ginning; field lab where cotton is ginned, seed packed.

U.S. Cottonseed Benefits From Winter Trip to Mexico

Every variety of cotton now grown in the United States has spent at least one generation of its development in the Iguala Valley of Mexico under a program that aims to speed up development of better cottons to meet worldwide competition from manmade fibers.

U.S. cotton's Mexican home is the Winter Cotton Breeding Station, where cotton varieties with higher yields, longer and stronger fibers, improved seeds, and better resistance to insects and diseases are the order of the day. Here, U.S. seeds are planted in the winter, and the cotton is harvested in the spring. The seeds from the new crop are then air-shipped to the United States for the regular planting. The result: Two generations of seed grown in one year.

The Iguala Station was established in 1950 through the close cooperation of the National Cotton Council, the U.S. Department of Agriculture, experiment stations in cotton-producing States, private breeders, the U.S. Embassy in Mexico, and, especially, the Mexican Ministry of Agriculture. Through the Ministry the land at Iguala—located perfectly for growing high-quality seed—was made available with a minimum of red tape. Access to irrigation water from nearby Tuxpan Lake was quickly arranged, and use of tractors and other equipment from the adjoining government experiment station was authorized. Simultaneously, the Ministry established special channels to speed seed shipments into and out of Mexico, a vital consideration in the race with the calendar.

During the 1968-69 season, nearly 8,000 different seed units from private and public breeders in the United States were handled in the program at Iguala. Hundreds of shipments are flown to Mexico City each season and then brought the 125 miles to Iguala by station wagon. Each seed packet is individually registered, and breeding instructions are coded to protect trade secrets.

Plants from each seed source are either selfed or crossed. For selfing or self-pollination, the station uses a ton of wire per year—enough to stretch 165 miles—for wrapping the tips of the cotton flowers. Copper wire is used because it is pliable and flashes in sunlight for easy visibility. Cross pollination is done by hand, after which the pistils of the flowers are capped to prevent random pollination by insects.

Even more unerring attention to detail is required at harvesttime. Each individual strain is hand picked, and the lint cotton is separated from the seed on one of two small, hand-fed gins. After ginning, each seed batch is poured into a special bag and is tagged. All pertinent data are enclosed, the bag is labeled for shipment to the individual breeder back in the United States, and the instructions on the label are doublechecked for accuracy. Before another strain of cotton is ginned, the equipment is cleaned and inspected to make sure that no seed enters the wrong shipment.

All lint cotton is turned over to Mexican officials who sell it to help defray experiment station expenses. At the end of each season the latest strains of U.S. commercial seed varieties are also made available to the Mexican Government.

The success of the Iguala project has far succeeded expectations. In the feverishly competitive markets of today, the need was never more urgent for speeding up the development of new seed varieties. The Iguala program makes it possible to shorten the time in the early selection stage and provide new strains that can come more quickly into commercial production.

—WILLIAM L. RODMAN
U.S. Agricultural Attaché, Mexico City

CROPS AND MARKETS SHORTS

Weekly Report on Rotterdam Grain Prices

Current prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago, are as follows:

Item	Sept. 16	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 2 Manitoba	1.88	−2	2.04
USSR SKS-14	1.78	+2	(1)
Australian Prime Hard	1.82	+2	(1)
U.S. No. 2 Dark Northern Spring:			
14 percent	1.78	−3	1.91
15 percent	1.88	−2	1.99
U.S. No. 2 Hard Winter:			
13.5 percent	1.76	−2	1.86
Argentine	(1)	(1)	1.82
U.S. No. 2 Soft Red Winter	1.58	+1	1.78
Feedgrains:			
U.S. No. 3 Yellow corn	1.40	0	1.19
Argentine Plate corn	1.78	+5	1.38
U.S. No. 2 sorghum	1.47	+5	1.21
Argentine-Granifero	1.50	+1	1.19
Soybeans:			
U.S. No. 2 Yellow soybeans	2.78	+3	2.86

[1] Not quoted.

Note: All quoted c.i.f. Rotterdam for 30- to 60-day delivery.

Drought Affects Argentine Wheat Crop

Continued dry weather in the northern part of Pampa has lowered prospects for 1969-70 wheat production and could have adverse effects on corn and grain sorghum plantings if there is no relief in the near future. In most of northern Santa Fe and Córdoba Provinces there has been almost no rainfall for 3 months. This has caused both a reduction in wheat area, because of insufficient moisture for seeding, and a rapid decline in the condition of planted fields. Insect damage has also been noted in the drought zone.

Entre Ríos Province and the southern parts of Córdoba and Santa Fe have been affected to a lesser extent. In La Pampa and northern Buenos Aires Provinces plant growth has generally been good, and early September rains have helped. The southern Buenos Aires wheat crop seems to be in good condition. The overall wheat outlook, however, is not favorable and at this stage below-normal production seems likely.

Planting of corn in the north has been delayed by the dry weather. This delay could affect the amount of planted area, which had been expected to increase.

U.S. Cotton Imports Hit Record Low

In the 1968-69 marketing year (August-July), the United States imported 68,000 bales (480 lb. net)of cotton, compared with 149,000 bales in 1967-68. This is the smallest purchase of foreign cotton recorded in this century.

About 26 percent of total imports were from Mexico, 25 percent from Egypt, and 16 percent from India. Smaller amounts were purchased from Peru, Pakistan, and Sudan.

Nearly half of the imports were of the extra-long staple (ELS) varieties. Imports of ELS cotton are usually equal to the import quota, which is around 80,000 bales annually. However, ELS imports totaled only 29,000 bales in 1968-69. The sharp decrease in imports was partly due to the higher proportion of domestic ELS cotton consumed in U.S. mills, mainly because its prices were lower than those of comparable foreign growths. Also, some of the reduction was the result of increasing competition from synthetic fibers.

Imports of ELS cotton from Egypt amounted to 17,000 bales in 1968-69. Sudan supplied 3,000 bales and Peru 8,000 bales.

Asiatic cotton is not produced in the United States and is therefore not subject to quota. The qualities imported, about 17,000 bales in 1968-69, are generally considered nonspinnable and are used for products such as felting and padding. Asiatic cotton is imported from India and Pakistan.

Imports of cotton other than the ELS and Asiatic types totaled 22,000 bales in 1968-69, down from 43,000 bales

UNITED STATES COTTON IMPORTS

Country of origin	Year beginning August 1				
	Average 1960-64	1965	1966	1967	1968
	1,000 bales [1]	*1,000 bales* [1]	*1,000 bales* [1]	*1,000 bales* [1]	*1,000 bales* [1]
Brazil	1	0	0	0	1
Burma	3	1	0	0	0
India	14	13	12	10	11
Mexico	24	2	3	39	18
Pakistan	6	4	4	5	6
Peru	22	43	24	24	9
Sudan	3	(2)	2	36	4
U.A.R. (Egypt)	61	54	60	28	17
U.S.S.R.	(2)	0	0	0	0
Other countries	0	1	(2)	7	2
Total [3]	134	[4] 118	[4] 105	149	68

[1] Bales of 480 lb. net. [2] Less than 500 bales. [3] Includes small quantities reexported. [4] Excludes picker lap imports reported by the Bureau of the Census as raw cotton.

U.S. COTTON IMPORTS FOR CONSUMPTION

Season beginning August 1	Type of cotton			
	Extra-long staple [1]	Asiatic [2]	Other [3]	Total
	1,000 bales [4]	*1,000 bales* [4]	*1,000 bales* [4]	*1,000 bales* [4]
1960	83	13	33	129
1961	83	30	40	153
1962	82	21	34	137
1963	80	23	32	135
1964	83	21	14	118
1965	87	18	13	118
1966	76	16	13	105
1967	91	15	43	149
1968	29	17	22	68

[1] All cotton stapling 1⅜ inches and longer. [2] Rough and Harsh cotton stapling under ¾ inches. [3] Includes all cotton stapling less than 1⅜ inches except Asiatic. [4] Bales of 480 lb. net.

the previous year. Imports of this cotton are controlled by country allocations, of which Mexico's is the largest. Purchases from Mexico in 1968-69 totaled approximately 18,000 bales, about equal to that country's quota. Imports of cotton from Mexico in 1967-68 totaled about 39,000 bales, primarily as a result of two short crops in the United States and a relatively high price for U.S. cotton, compared with the world price.

German Import Tender for Canned Pears

The West German Government has announced a tender allowing imports of canned pears from a large number of countries including the United States. Applications for import licenses will be accepted until the undisclosed value limit is reached, but not later than February 26, 1970.

The import licenses will be valid until February 28, 1970. The first day of customs clearance is October 1, 1969. Pears must be packed in containers of less than 9.9 pounds, and products containing added sugar are subject to the respective EC regulations described in FAS circular FCAN 2-68 of October 1968.

U.S. Exports of Soybeans, Oils, Meals

U.S. exports of soybeans in July totaled 18.2 million bushels, an increase of 1.1 million over July exports in 1968. The bulk of the increase was shipped to the major markets of Canada, the European Community, Japan, and Spain. Cumulative exports to these markets reached 226.1 million bushels, compared with 202.9 million during the same months a year ago. This gain and the increased exports to the Republic of China brought the current 11-month total to 274.6 million bushels—10 percent or 25.3 million bushels higher than last year's exports of 249.3 million bushels.

Soybean oil exports in July, at 77.3 million pounds, were down sharply from last month's total of 126.8 million pounds, but exceeded the July 1968 total by nearly 20 million. Despite the increase, cumulative exports during October-July of 734.4 million pounds remained 7 percent below last year's total of 791.2 million pounds. Shipments of soybean oil under Public Law 480 programs have accounted for an estimated 75 percent of total exports in the current marketing year.

Cottonseed oil exports totaled 23.2 million pounds in July, with most of it destined for Venezuela and the United Arab Republic. The October-July total reached 132.3 million pounds, compared with only 44.8 million in the previous year. Virtually all cottonseed oil exports have been commercial sales.

Soybean meal exports in July were 268,700 tons, an increase of 8 percent over the 249,900 tons exported in the same month last year. Heavier shipments to the Netherlands, Spain, Switzerland, Yugoslavia, and Canada more than compensated for the decline in exports to other member countries of the EC and Poland. The current cumulative total of 2.66 million tons showed a gain of 150,100 tons, or 6 percent, over the 2.51 million exported during October-July a year ago.

Exports of all cakes and meals totaled 2.77 million tons compared with 2.65 million in the same 10-month period last year. Cottonseed meal exports, while small, increased to 9,900 tons, but linseed and other cakes and meals declined by 23 and 27 percent, respectively.

U.S. EXPORTS OF SOYBEANS, OILS, AND MEALS

Item and country of destination	Unit	July 1968[1]	July 1969[1]	Sept.-July 1967-68[1]	Sept.-July 1968-69[1]
SOYBEANS					
Belgium-Luxembourg	Mil. bu.	0.5	0.2	7.7	9.6
France	do.	(2)	0	.6	.3
Germany, West	do.	.8	.6	29.4	29.7
Italy	do.	.9	.2	14.1	15.7
Netherlands	do.	1.0	2.4	34.8	39.4
Total EC	do.	3.2	3.4	86.6	94.7
Japan	do.	7.2	6.7	69.3	65.4
Canada	do.	1.6	3.0	20.2	36.0
Spain	do.	2.4	2.6	26.8	30.0
China, Taiwan	do.	.7	.6	10.1	16.1
Denmark	do.	.5	0	14.4	11.8
Israel	do.	1.2	1.1	9.5	6.5
Others	do.	.3	.8	12.4	14.1
Total	do.	17.1	18.2	249.3	274.6
Oil equivalent	Mil. lb.	187.4	200.3	2,737.6	3,015.5
Meal equivalent	1,000 tons	401.0	428.7	5,859.2	6,454.0
EDIBLE OILS		July		Oct.-July	
Soybean:[3]		1968[1]	1969[1]	1967-68[1]	1968-69[1]
India	Mil. lb.	4.7	29.4	184.6	255.9
Pakistan	do.	0	23.1	147.9	131.4
Tunisia	do.	2.6	.8	96.7	46.7
Vietnam, South	do.	3.5	0	32.4	36.9
Chile	do.	10.7	.9	14.6	29.4
Israel	do.	2.8	1.9	30.4	28.0
Morocco	do.	11.7	.5	41.5	25.3
Canada	do.	1.7	1.7	19.3	24.7
Iran	do.	0	(4)	7.2	24.4
Dominican Republic	do.	2.9	5.0	48.1	21.3
Haiti	do.	1.6	1.4	14.4	16.1
Others	do.	15.3	12.6	154.1	94.3
Total	do.	57.5	77.3	791.2	734.4
Cottonseed:[3]					
Venezuela	do.	4.6	13.6	32.5	62.7
UAR, Egypt	do.	0	8.8	0	17.2
Germany, West	do.	0	0	.4	15.3
Canada	do.	.1	.6	6.3	13.8
Netherlands	do.	0	0	.5	10.0
Sweden	do.	0	0	0	5.9
Others	do.	.4	.2	5.1	7.4
Total	do.	5.1	23.2	44.8	132.3
Total oils	do.	62.6	100.5	836.0	866.7
CAKES AND MEALS					
Soybean:					
Belgium-Luxembourg	1,000 tons	20.9	13.7	221.0	157.9
France	do.	56.5	40.9	415.7	413.2
Germany, West	do.	36.8	23.4	458.8	547.3
Italy	do.	17.9	9.4	170.5	194.1
Netherlands	do.	33.6	45.2	470.8	450.1
Total EC	do.	165.7	132.6	1,736.8	1,762.6
Canada	do.	21.1	23.6	195.2	251.3
Yugoslavia	do.	0	22.7	72.9	122.1
Poland	do.	17.9	15.2	65.6	90.7
Spain	do.	(5)	11.7	.5	65.1
Switzerland	do.	2.6	12.4	5.9	58.7
Ireland	do.	0	9.8	31.0	36.7
United Kingdom	do.	.7	0	76.8	32.9
Others	do.	41.9	40.7	321.8	236.4
Total	do.	249.9	268.7	2,506.4	2,656.5
Cottonseed	do.	.5	1.4	2.6	9.9
Linseed	do.	4.1	3.8	79.7	61.2
Total cakes and meals[6]	do.	269.3	275.2	2,652.6	2,774.0

[1] Preliminary. [2] Less than 50,000 bu. [3] Includes shipments under P.L. 480 as reported by Census. [4] Less than 50,000 lb. [5] Less than 50 tons. [6] Includes peanut cake and meal and small quantities of other cakes and meals. Computed from round numbers.

U.S. DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250

OFFICIAL BUSINESS

United States Department of Agriculture
POSTAGE & FEES PAID

If you no longer need this publication, check here ☐ return this sheet, and your name will be dropped from mailing list.

If your address should be changed ☐ PRINT or TYPE the new address, including ZIP CODE, and return the whole sheet to:

Foreign Agricultural Service, Rm. 5918
U.S. Department of Agriculture
Washington, D.C. 20250

Foreign Agriculture

Drought Affects Fiji Island Sugar

Drought conditions in the sugarcane area of the Fiji Islands have reduced the estimate for 1969 sugar production (May-December harvest season) from over 400,000 long tons to 310,000 tons. The approved national harvest quota for 1969 is 385,000 tons of sugar. However, if drought conditions continue, production could fall below 300,000 tons. Sugar is the Fiji Islands' largest export product and most important industry.

Prospects for the 1970 sugar crop are not encouraging at this time. Dry weather has slowed down planting and the early growth of young cane. At the end of July only 30 percent of the planting program had been completed at Rarawai and Penang, 45 at Lautoka, and 55 at Labasa compared with 85 to 90 percent at the same time last year.

Singapore Sugar Refinery

Backed by the Singapore Economic Development Board, Singapore businessmen have joined with foreign investors in establishing a new sugar refinery. The refinery is located in the Jurong industrialization complex and is known as The Sugar Industry of Singapore, Ltd. Already operating, it has an annual refining capacity of 120,000 long tons.

Singapore's annual sugar imports averaged approximately 118,000 long tons of refined sugar and 11,000 tons of raw in 1963-67. During this same period, annual average exports were approximately 46,000 tons of refined and 1,900 tons of raw sugar. Although the new sugar refinery has been established primarily to supply domestic needs, new export outlets will probably be developed. When the refinery is operating at its peak, Singapore should be a sizable market for raw sugar.

Malaysia (with which Singapore was formerly federated) recently announced plans for establishing sugar plantations, mills, and additional refineries in its own area after a long period of inactivity due to the prominence accorded to rubber production there.

Crops and Markets Index

Cotton
10 U.S. Cotton Imports Hit Record Low

Fats, Oils, and Oilseeds
11 U.S. Exports of Soybeans, Oils, Meals

Fruits, Vegetables, and Nuts
11 German Import Tender for Canned Pears

Grains, Feeds, Pulses, and Seeds
10 Drought Affects Argentine Wheat Crop
10 Weekly Report on Rotterdam Grain Prices

Sugar, Fibers, and Tropical Products
12 Drought Affects Fiji Island Sugar
12 Singapore Sugar Refinery

EC Grain-Market Situation

(Continued from page 8)

slowed; (2) grain production has risen more rapidly than consumption; and (3) net total-grain imports fell to a new low last year, and a further decline is in prospect for 1969-70.

Prices for the 1970 crop

In the very near future, the EC will be deciding on basic grain price levels for 1970. In recent years, there has been a tendency to avoid any lowering of prices, even though some grains have been in surplus and mounting self-sufficiency is having the effect of increasing the total bill for EC grain needs. The forthcoming decisions therefore may provide some indication concerning whether the present course of price-oriented policy with unrestricted production can be continued or whether, perhaps, more basic changes in the system will be needed. The levels of recent basic EC grain prices are shown in the table at bottom of page 8, along with levy rates which serve to indicate the spread between world price levels and those in the EC.